



MEMORANDUM

TO: Superintendents, Business Officials and Special Education Directors

FROM: Lance V. Rhodes, Chief Financial Officer
Indiana Department of Education

DATE: June 8, 2010

SUBJECT: Reimbursement of Expenses

This memo should be used to clarify issues raised as a result of the May 3, 2010 memo addressing reimbursement of grant expenses.

In that memo, the Indiana Department of Education (IDOE) indicated that reimbursement after July 1, 2010 would be based on actual expenditures. Though this process is not new for many existing grants, the Department reviewed concerns about potential hardships with IDEA, Part B grants if strictly implemented. Of primary concern were the cash flow issues that could require a corporation to borrow money to cover expenses. According to the State Board of Accounts (SBOA), Indiana Code (IC) 36-1-8-4 allows for temporary loans between existing school funds to cover potential deficits in fund balances. In those situations in which the organization's structure inhibits such transfer of funds, IDOE will allow a grantee or subrecipient a controlled advance. Those organizations could include school corporations, charters, special education cooperatives, inter-locals, and certain nonprofit organizations. In the May 3 memo, it was stated a grantee that has already submitted a Cash Request for a current grant in July would receive 50% of that request for anticipated expenses.

Herein, the tools needed to avoid cash flow issues have been built into the process. All requests for reimbursement submitted by the 1st may include anticipated expenses through the 15th. All requests for reimbursement submitted by the 15th may include anticipated expenses through the 30th. If a grantee has already submitted a Cash Request for July, they can amend the request. For those that did not plan on a distribution in July, they will receive a controlled advance distribution with their first request for reimbursement.

As stated in the previous memo, to assist in this transition, Reimbursement forms will be processed by IDOE for payment twice per month and forwarded to the Auditor for payment.

This process will also eliminate a subrecipient from tracking, calculating and returning excessive interest on large cash balances, thereby reducing work load.

It should be pointed out that the 15% carryover allowed in Title I grants will still be allowed. The administrative difference is the carryover will be held by the SEA rather than on the subrecipient level.

Thank you for your patience and cooperation as we address the heightened federal attention to our business processes.

If you have any further questions, please contact the appropriate IDOE program staff listed below.

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